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Measure Customer Value the Customer's Way

by Lynn Hunsaker

Customers automatically use 50 or more metrics for any customer experience, according to author Anthony Ulwick, in his book *What Customers Want*. We may be re-inventing the wheel as we strive to come up with customer metrics that spell success. Looking at things from the customer viewpoint we've got to admit that customers really do know what outcomes they want.

"It's easy to portray customers as emotional, illogical individuals who are incapable of knowing or communicating what they want", says Ulwick. "This is a convenient way to avoid taking actions that are inconsistent with one's own thinking, intuition and personal motivations." Despite financial pressures to take our focus off direct inputs from customers, it's essential to avoid the temptations of shortcuts in customer experience management, innovation and business growth. While competitors are cutting back deeply, this is the perfect opportunity to strategically grow customer value.

With a focus on outcomes from the customer perspective we're reminded that products and services are simply means to helping customers fulfill their needs — and needs are simply customers' desired outcomes. Our objective is to understand what jobs our target customers are trying to get done and what outcomes indicate the job is done well (customer value measures).

Apple's iPod is an example shared by Ulwick. There were several good MP3 player brands before iPod came on the scene. It could have been a me-too product with small market share. What customers still wanted was a way to legally and affordably buy songs instead of whole albums, share music and easily create playlists. By understanding this broader desired outcome, Apple innovated the customer experience and not only outpaced its MP3 rivals but also its own core business. It pays to know what customers value as the focus for customer management, creativity and innovation.

Do you know the ultimate outcomes desired by your most profitable customers and other segments? It doesn't have to be complicated or expensive to find out. A scan of customer service call logs will likely uncover rich opportunities to differentiate customer experience. Personal interviews with some of your high-value customers can reveal the most important outcomes that are underserved. If Apple had focused only on MP3 player product features and related customer service in its customer research, it never would have come up with a winner.

True innovation is a significant improvement along a main parameter of customer value. Unless we measure customer value the customer's way we'll shoot ourselves in the foot with underperforming solutions that don't quite hit the mark. And certainly miss out on breakthrough opportunities that capture customers' hearts and wallets.

